

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11

CEDAR CHEMICAL CORPORATION and  
VICKSBURG CHEMICAL COMPANY,

Case Nos. 02-11039 (SMB) and  
02-11040 (SMB)

Debtors.

Jointly Administered

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**STIPULATION AND AGREED ORDER REGARDING CLAIMS IN RESPECT OF  
SETTLEMENT ARISING OUT OF A 1995 RAILROAD TANK CAR ACCIDENT  
PURSUANT TO BANKRUPTCY RULE 9019 AND GRANTING RELATED RELIEF**

RECITALS

- A. On March 8, 2002, the above-captioned debtors and debtors in possession (collectively, the "Debtors") commenced their respective reorganization cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being administered jointly.
- B. In October 1995 a railroad tank car began to leak and then ruptured resulting in corrosive, toxic or hazardous materials entering into and upon the air, land and water in and around Bogalusa, Louisiana and surrounding areas, including portions of Mississippi (the "Chemical Release").
- C. At the time of the Chemical Release the tank car was located at the plant of Gaylord Chemical Company ("Gaylord"), a customer of Vicksburg. The tank car contained nitrogen tetroxide (N<sub>2</sub>O<sub>4</sub>) that had been produced by Vicksburg, sold to Gaylord and loaded into the tank car by Vicksburg at the Vicksburg Plant.
- D. Nitrogen tetroxide and its derivative compounds, nitric acid (HNO<sub>3</sub>) and gaseous nitrogen dioxide (NO<sub>2</sub>) are corrosive, toxic or hazardous to persons and property.

The Chemical Release resulted in the mandatory evacuation of much of Bogalusa, Louisiana and many persons in the surrounding communities.

E. As described below, the Chemical Release resulted in the commencement of legal actions by thousands of plaintiffs in Mississippi and Louisiana against the Debtors. The claims made in the actions charged, among other things, (i) that the tank car into which the Debtors loaded the nitrogen tetroxide contained water and other contaminants, which resulted in a chemical reaction producing nitric acid and nitrogen dioxide which caused the leak and rupture of the tank car and (ii) that the Debtors negligently failed to inspect the tank car for such contaminants before loading the nitrogen tetroxide. These claims also charged, among other things, that the Debtors failed to take proper action when they first learned of the leaking tank car, by among other things, failing to warn the appropriate federal, state and local authorities and failing to take the appropriate steps to mitigate the extent of the Chemical Release.

F. On or about October 24, 1995, several actions were filed in the state court in Bogalusa, Louisiana purporting to be class actions arising out of the Chemical Release. Subsequently, approximately 146 actions were filed in the state court for the 22<sup>nd</sup> Judicial District, Washington Parish, Louisiana (the “Louisiana Court”). The Louisiana cases were consolidated in the Louisiana Court and certified as a class action (the “Louisiana Class Action” or “Class Action”). The class is estimated to contain more than 16,000 claimants (the “Louisiana Class” or “Class”). The Debtors, Trans-Resources, Inc. (“TRI”)<sup>1</sup> and certain of their affiliates (hereinafter referred to collectively as the “Compromising Parties”) were included among the defendants in the Louisiana Class Action.

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<sup>1</sup>TRI is the parent company of Nine West Inc., which in turn is Cedar’s parent company. Vicksburg is Cedar’s

G. In addition to the Louisiana Class Action, ten separate actions naming an aggregate of approximately 4,000 plaintiffs (the “Mississippi Plaintiffs”) were filed in the Circuit Court of Hinds County, Mississippi (the “Mississippi Court”) naming, among the defendants, the Debtors and TRI. These actions (the “Mississippi Actions”) were consolidated and the claims of the Mississippi Plaintiffs were to be tried *seriatim* in groups of approximately 20 plaintiffs. Among other defendants included in the Louisiana Class Action and in the Mississippi Actions are Gaylord and its parent corporation Gaylord Container Corporation; Union Tank Car Company (the owner of the tank car); Illinois Central Railroad Company (a railroad involved in transporting the tank car to Gaylord's plant) and Kansas City Southern Railway Company (another railroad involved in transporting the tank car to Gaylord's plant).

H. On November 12, 2002, the Debtors filed an Application for Approval of a Settlement Arising Out of a 1995 Railroad Tank Car Accident Pursuant to Bankruptcy Rule 9019 and Granting Related Relief. On December 13, 2002 the Court entered its Order Granting Approval of Settlement of a Controversy Arising Out of 1995 Railroad Tank Car Accident Pursuant to Bankruptcy Rule 9019 and Granting Related Relief, approving the settlement and authorizing the Debtors to take the remaining steps to finalize the settlement. Those remaining steps include, but are not limited to, obtaining approval of the settlement by the Louisiana Court and the Mississippi Court. Such approval has not yet been obtained but is pending.

I. On March 25, 2003, the Debtors filed a Motion for Order Setting Bar Dates for Filing Certain Proofs of Claim, Approving Procedures for Filing Such Proofs of Claim and Approving Form and Manner of Notice Thereof, requiring all proof of claims

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(continued...)

wholly-owned subsidiary.

against the Debtors to be filed by 5:00 p.m., Eastern Time, on May 23, 2003. On April 4, 2003, the Bankruptcy Court entered an Order Setting Bar Dates for Filing Certain Proofs of Claim, Approving Procedures for Filing Such Proofs of Claim and Approving Form and Manner of Notice Thereof (the “Bar Date Order”).

- J. Once the settlement is approved by the Louisiana Court and the Mississippi Court and consummated, the Louisiana Class and the Mississippi Plaintiffs will no longer have claims against the Debtors’ estates. Pending such approval and consummation, the Debtors and respective bankruptcy counsel for the Louisiana Class and the Mississippi Plaintiffs have reached an agreement regarding the filing of claims on behalf of the Louisiana Class and the Mississippi Plaintiffs, which the parties desire to memorialize in this Stipulation and Agreed Order.

#### AGREEMENT

1. With respect to injuries and damages asserted in the Louisiana Class Action, one proof of claim may be filed on behalf of, and will be considered sufficient to preserve the rights of, all members of the Louisiana Class (the “Louisiana Proof of Claim”). The collective Louisiana Proof of Claim authorized herein on behalf of the Louisiana Class shall be specifically designated as such, shall attach a copy of this Stipulation and Agreed Order and shall be filed by William H. Patrick, III, Esq. or Tristan E. Manthey, Esq. as bankruptcy counsel for the Louisiana Class.
2. With respect to injuries and damages asserted in the Mississippi Plaintiffs’ action, one proof of claim may be filed on behalf of, and will be considered sufficient to preserve the rights of, the Mississippi Plaintiffs (the “Mississippi

Proof of Claim”). The collective Mississippi Proof of Claim shall be specifically designated as such, shall attach a copy of this Stipulation and Agreed Order and shall be filed by Emile Turner, Esq. as bankruptcy counsel for the Mississippi Plaintiffs.

3. Other than the ability to file collective proofs of claim on behalf of the Louisiana Class and Mississippi Plaintiffs and the stipulation herein that said proofs of claim are sufficient to preserve the claims and rights of the Louisiana Class and the Mississippi Plaintiffs, respectively, as set forth herein, all other requirements of the Bar Date Order shall apply.
4. Upon approval of the settlement by the Louisiana Court and Mississippi Court and consummation thereof, the Louisiana Proof of Claim and the Mississippi Proof of Claim, respectively, shall be withdrawn with prejudice.
5. This Stipulation and Agreed Order shall not be modified, altered, amended or vacated without the prior written consent of all parties hereto.
6. This Stipulation and Agreed Order constitutes the entire agreement between the parties with respect to the matters addressed herein and may be signed by facsimile and in counterparts.

Dated: April 15, 2003

/s/ William H. Patrick  
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ATTORNEYS FOR THE MISSISSIPPI  
PLAINTIFFS

SO ORDERED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2003 in New York, New York.

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UNITED STATES BANKRUPTCY JUDGE